

**UNITED STATES DISTRICT COURT FOR THE
NORTHERN DISTRICT OF NEW YORK**

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9384-2557 Québec Inc., a Canadian : 1:19-CV-00501-TJM-CFH
corporation; MINEDMAP, INC., a Nevada
corporation; and SERENITY ALPHA, LLC, a
Nevada limited liability, and other similarly
situated individuals

PLAINTIFFS' RICO STATEMENT

Plaintiff, :

against : **(ECF Case)**

NORTHWAY MINING, LLC, a New York limited
liability company; MICHAEL MARANDA, an
individual; MICHAEL CARTER, an individual;
CSX4236 MOTORCYCLE SALVAGE, LLC, a New
York limited liability company; DROR SVORAI,
an individual; MINING POWER GROUP, INC., a
Florida corporation; HUDSON DATA CENTER,
INC, a New York Corporation, MICHAEL
MARANDA, LLC, a New York Limited liability
company; PORTER KING HILL CONTRACTING,
LLC, a New York limited liability company;
COINMINT, LLC, a Delaware limited liability
company; OSWEGO DATA LLC, a New York
Limited Liability Company; LORI S. THOMPSON,
LCSW, PLLC, a professional limited liability
corporation; LORI SHANNON THOMPSON, an
individual, ANTHONY PORTER, an individual;
CHRISTINE MARANDA, an individual; ROSEANN
MARANDA; an individual; DOUGLAS MARANDA,
an individual, and DONALD D'AVANZO, an
individual

Defendants. :

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Based on information currently available to Plaintiffs, Plaintiffs make this RICO Statement consistent with General Order No. 14. This case promises to be technically and factually complex, and so, Plaintiffs will seek to amend this RICO Statement to add additional facts they uncover during discovery.

1. The wrongful conduct alleged violates 18 U.S.C. 1962(c).

2. Defendants:

- i. Michael Maranda ("Maranda")
- ii. Lori Shannon Thompson-Maranda
- iii. Michael Carter ("Carter")
- iv. Dror Svorai ("Svorai")
- v. Douglas Maranda
- vi. Roseann Maranda
- vii. Christine Maranda
- viii. Donald D'Avanzo
- ix. Anthony Porter
- x. Angelo Pope
- xi. Robert Whitney
- xii. Northway Mining LLC
- xiii. CSX4236 Motorcycle Salvage
- xiv. Coinmint LLC
- xv. Mining Power Group, Inc.
- xvi. Hudson Data Center, Inc.
- xvii. Michael Maranda, LLC
- xviii. Oswego Data, LLC
- xix. Loris S. Thompson, LCSW, PLLC
- xx. Porter King Hill Contracting, LLC
- xxi. Ethereum Ventures (and all subsidiaries)

3. Wrongdoers, Other than Defendants:

Not applicable. All Defendants have been named above subject to additional discovery.

4. Victims

- i. MinedMap, Inc.
- ii. Serenity Alpha, LLC
- iii. 9384-2557 Québec, Inc.
- iv. Samuel Pitula (and spouse)
- v. Robert Van Kirk
- vi. Enigma, LLC
- vii. Brian Hosokawa
- viii. Robert Lorber (United Kingdom)
- ix. Joe Stephanelli
- x. Block Assets (Perth Australia)
- xi. Ryan Lehmann
- xii. Teslawatt
- xiii. Jesse Festenberg

5. Pattern of Racketeering Activity

- a. List of predicate acts and specific statutes violated:

Mail Fraud	18 U.S.C. § 1341
Wire Fraud	18 U.S.C. § 1343
Fraudulent Identification of Documents	18 U.S.C. § 1028
Computer Fraud	18 U.S.C. § 1029
Theft of Trade Secrets	18 U.S.C. § 1832

b. Dates of predicate acts and participants:

DATES	PARTICIPANTS	FACTS
Nov. 2017 through Jan. 2018	Michael Maranda, Christine Maranda, Roseann and Douglas Maranda, Lori Shannon Thompson-Maranda, Michael Carter, Angelo Pope, and Robert Whitney Wadsworth	<p>Through this period, Michael Maranda and the other named participants, directly or indirectly, in forming Northway, agreed that Northway would be engaged in the business the enterprise of stealing bitcoin machines and deposits from unsuspecting third parties;</p> <p>Defendant, Michael Maranda's relatives, including the individual named, entered agreed to fund Northway, assist Michael Maranda in opening bank accounts or using their existing bank accounts for the purpose of furthering Northway's stated aim of stealing bitcoin machines from unsuspecting individuals and companies;</p> <p>In furtherance of the agreement, Roseann Maranda, Douglas Maranda, Christine Maranda, Angelo Pope, and Lori Shannon Thompson-Maranda,</p>

February 2018 through May 2018	Michael Maranda, Lori Shannon Thompson-Maranda, Donald D'Avanzo, Christine Maranda, Angelo John Pope, Michael Carter, Dror Svorai, Robert Whitney Wadsworth; and Anthony Porter.	<p>accepted money from Northway and Maranda that Maranda and Northway stole through Northway from unsuspecting individuals.</p> <p>Defendants, Michael Maranda et. al., with the direct and indirect assistance of the name participants, formed several companies, including the companies named in this lawsuit, to allow for the transfer of money from Plaintiffs and from other victims;</p> <p>Defendants conspired to have Mining Power purchase a majority interest in Northway Mining on the sham statement of Mining Power investing \$1 million dollars in Northway Mining to assist North in further in hosting sites Northway owned;</p> <p>The conspire was in aid of getting Plaintiffs to send deposits to Northway and to place their miners at Northway's hosting sites;</p>

	<p>Each Defendant acted with the culpable mental state in that each Defendant released statements, formed or caused existing companies to enter into agreements with Northway in pursuit of the scheme, executed written agreements (Maranda and Svorai), took money in furtherance of the conspiracy (Donald D'Avanzo, Christine Maranda, Anthony Porter, Michael Carter, Robert Whitney Wadsworth, and Lori Shannon Thompson-Maranda)</p>
June 2018 through December 2018	<p>Defendants took Plaintiffs' miners and deposits and distributed the money among each other; Michael Carter arranged for the sale of Plaintiffs' bitcoin machines through clandestine websites; Donald D'Avanzo arranged transportation and Angelo John Pope and other actually transported the</p>

Jan. 2019 through
Present

machines to the various buyers.

Defendants have continued their scheme. Michael Carter recently left the Enterprise because Maranda cheated him out of stolen money and bitcoin; Donald D'Avanzo also recently left the scheme in exchange for providing testimony that Northway was a scheme, that Northway never had the ability to host 10 miners much less 3000 miners, but Donald D'Avanzo's request was declined.

6. Description of Enterprise:

a. The enterprise ("Northway Theft Ring" or the "Enterprise") is comprised of Michael Maranda, entities formed by Michael Maranda, the family members and friends of Michael Maranda named in this suit, Dror Svorai, and entities formed by Dror Svorai.

b. The Enterprise began in 2017, shortly after Michael Maranda ("Maranda") was paroled from federal prison. Maranda is a convicted felon, who was imprisoned in federal prison for manufacturing and possessing, with intent to distribute, a Schedule

I narcotic. Maranda was released from federal prison on May 25, 2016, under a three-year supervised probation that ran through May 2019.

About three months after Maranda was released from prison, and prison having failed to rehabilitate him, Maranda moved his operations to north New York, where he began holding himself out as a businessman focusing on bitcoin mining, as a seller of rare goods and wildlife items, and as an owner of a large construction company, from all of which he earned millions. In carrying out his fraud, Maranda could not act alone because Maranda is a convicted felon. Thus, in developing the Northway Theft Ring, Maranda relied almost exclusively on his family members and on close friends. For example, Maranda used family members (Ryan Lehmann and Lori Shannon Thompson-Maranda) to open bank accounts at M&T Bank, N.A. and at Teachers Federal Credit Union. Maranda's parents, Douglas and Roseann Maranda, allowed and Maranda to use their address at 373 Durkie Lane from which he conducted business. From the beginning of the Enterprise until present, Douglas, Roseann and Lori Shannon Thompson-Maranda, all knowingly received funds from the Enterprise.

In early 2018, Ryan Lehmann opened an account at M&T Bank for Michael Maranda; around that same time, Lori Shannon Thompson-Maranda also opened a separate account for Maranda or allowed Maranda to use her account at Teachers Federal Credit Union. These accounts were all set up in Northway's name.

Between January and March 2018, for the purpose of furthering the Northway Theft Ring, Maranda, with assistance from Michael Carter, hired Joe Stephanelli, a broker who helped bitcoin companies place their bitcoin miners with hosting sites. Maranda told Stephanelli that Maranda had two plug-and-play sites that could simultaneously host thousands of bitcoin miners, at the cheapest electricity cost.

In May 2018, Stephanelli advertised Maranda's plug-and-play sites to MinedMap and Serenity. MinedMap and Serenity requested a site visit, and visited Northway's site at 2 Flint Mine Road in Coxsackie, New York on or around September 18, 2018. During this visit, Allen Song, Serenity's CFO, met with Maranda. During this meeting, Maranda misrepresented himself as a multimillionaire who would change the business of bitcoin and further represented as follows:

- i. That he was a multimillionaire who had financed the cost of Northway with his own private funds;
- ii. That he made millions in the construction industry and would use part of his millions to fund Northway to give it a competitive edge;
- iii. That the reason the costs of power was so low for Northway was he had interests in power companies, including Simple Ray, a solar company, that would give him a discount on power costs and that he was passing on the power costs savings to MinedMap and Serenity;
- iv. That his family, including his mother and father, Douglas and Roseann Maranda, had invested in Northway Mining and had helped him with every aspect of Northway Mining;

- v. That his sister Christine Maranda and her significant other, Angelo Pope, were helping maintain Northway's books and records and keeping other resources;
- vi. That Northway had no debt, whatsoever and that it had turned away several investors;
- vii. That he was hiring some of the brightest minds, including a former employee from Google, who was developing software to give Northway an edge;
- viii. That his family was deeply involved because, first and foremost, he is a family man. Maranda then brought children he claims to be his to meet Mr. Song;
- ix. That he had ample resources should Northway need it, including several homes located throughout New York and Miami. Specifically, Maranda claimed he had property at Durkee Lane, at 707 Flats Road, at 38 Oaklawn Road. Maranda also claimed to have a home "close to the Hamptons," and it was so close to the Hamptons that it made no difference for him to purchase a house in the Hamptons. As to the property in Miami, Maranda represented he owns a condominium in Miami, worth millions, and that could be "liquid" at any time if Northway fell into trouble;
- x. Maranda also represented he owned several expensive cars and overall presented himself as a well-off, family man who operated Northway with integrity;
- xi. That he had two sites both were plug-and-play ready to host thousands of Miners immediately;

During the visit, Maranda did not disclose that just recently, he had spent more than one year in jail and that he was still probation. Maranda also did not mention that he was broke and lacked the ability to conduct his own banking because of his felony conviction.

Shortly after the visit, on September 21, 2018, Maranda and Northway executed a contract for Northway to host 3,000 of its miners. On September 22, 2018, at 9:04 AM, Maranda emailed Allen Song an invoice for \$432,000.00. The invoice stated it the payment was a deposit against the power costs Northway would incur. MinedMap and Serenity paid the \$432,000.00 and shipped their bitcoin machines to Northway.

Daniel Kim and Allen Song met with Maranda in Las Vegas, in November 2018. While at a bitcoin conference in Las Vegas, Allen Song and Daniel Kim met with Maranda where Maranda represented that the miners would soon be installed, that Michael Carter, that all electrical work had been completed, and that he had hired Northway's own in-house electrician—a rarity in the business—who would troubleshoot Northway's electrical issues quickly to avoid loss of bitcoins or to avoid the slow in the mining of bitcoin.

At this same meeting, Maranda introduced Dror Svorai as an investor in Northway, representing that Svorai, through his company, Mining Power, Inc., would inject an additional \$1 million dollars into Northway, which Northway would use to

further develop its hosting sites. Dror Svorai represented that he, like Maranda, was a multimillionaire and thought Northway would soon be the leader in the bitcoin mining space and his company, Mining Power, Inc., wanted to invest in a sure thing. Svorai represented that he foresaw that, within the next few years, Northway would list on the New York Stock Exchange.

For his part, Michael Carter, at the same meeting in Las Vegas, indicated he had known Maranda for a long time and that Maranda was one of the best at what he does as it related to hosting bitcoin miners. Michael Carter further stated that Maranda was one of the individuals cleaning up the bitcoin industry and taking it to another, higher level. Michael Carter further indicated that Maranda was paying him and other employees from monies that Maranda and his family had themselves invested in Northway.

Between late November and December 2018, MinedMap and Serenity inquired about their bitcoin machines, but did not immediately obtain an answer from Maranda. In January 2019, MinedMap and Serenity again inquired about their bitcoin machines, and Maranda responded that he had sent MinedMap and Serenity's bitcoin machines to be hosted with another facility in Louisiana, and that he had transferred the \$432,000.00 to that facility. This was a lie: Daniel Kim called the facility in Louisiana and that facility stated they did not know Michael Maranda or Northway.

In January 2019, Daniel Kim again pressed Michael Maranda and asked for the return of their deposit and their bitcoin machines. In text message responses, Maranda claimed he had used MinedMap \$432,000.00 deposit to reconstruct one of his hosting sites and then his stories changed many times. MinedMap and Serenity have demanded their deposit and their bitcoin machines to no avail. From January 2019 to the present, Michael Carter, Michael Maranda, Lori S. Shannon Thompson-Maranda have all been involved in selling MinedMap and Serenity's bitcoin machines. In fact, on May 16, 2019, at 4:03 PM, Michael Carter, acting through an entity called Porter King Hill Contracting LLC and using the name Anthony Porter, tried to sell 57 of MinedMap and Serenity's bitcoin machines.

The foregoing scheme was used with the other victims named above. To name just a few, Northway stole 3000 machines from Enigma, LLC; took \$50,000.00 from Samuel Pitula and his spouse and 100 bitcoin machines from them; recently took machines from Robert Lorber, which Mr. Lorber is attempting to have returned; stole an unidentified number of bitcoin machines from Teslawatt; stole and undisclosed number of bitcoin machines and more than \$240,000.00 Brian Hosokawa; stole more than 4000 miners from Block Assets, a bitcoin company in Perth, Australia, and \$150,000.00 dollars. The foregoing is only a few of the victims Northway et. al. has harmed and continued to harm.

7. Description re: whether pattern of racketeering is separate or has merged into one entity:

Based on predisclosure information, the pattern of racketeering activity conducted by Defendants and individuals assisting defendants likely merged into one entity.

8. Relationship between activities of the enterprise and the pattern of racketeering:

The Enterprise as formed and conceived by Defendants steals bitcoin miners worldwide and in all 50 states of the United States; the daily activities of the enterprise include, but are not limited to: (i) finding bitcoin companies through various sites, including telegram; (ii) presenting Northway as a viable hosting company with a reputation for doing good work in the industry; (iii) presenting a family-friendly business by introducing agents of the prospective bitcoin companies to various family members, including Maranda's child or children and wife, Lori Shannon Thompson-Maranda; (iv) luring the bitcoin company into making a deposit and then delivering

their bitcoin machines; (v) absconding the deposit and the bitcoin machines; (vi) selling the bitcoin machines through various hidden sources.

9. Benefits received by enterprise:

The Enterprise benefits by receiving millions of dollars from deposits and from mining bitcoins shipped to it.

10. Effect on Interstate Commerce

The Enterprise Defendants created heavily relies on interstate commerce system for banking, shipping, communications, and all other functions that are essential to the Enterprise's viability. For example, wires to and distribution among the Enterprise's members rely on bank wire transfers; on paypal wire transfers, on and on other modes of quick wire transfers; the trucks used and often driven by Angelo John Pope and Robert Whitney Wadsworth all use interstate to sell bitcoin machines the Enterprise stole from Plaintiffs and from others.

11. 18 U.S.C. 1962(a):

a. Recipient of Income from pattern of racketeering:

(i) Roseann Maranda; (ii) Douglas Maranda; (iii) Lori S. Maranda; (iv) Michael Maranda; (v) Angelo John Pope; (vi) Donald D'Avanzo; (vii) Michael Carter; (viii) Dror

Svorai; (ix) Mining Power, Inc.; (x) Northway Mining, LLC, (xi) Christine Maranda; (xii) Robert Whitney Wadsworth; and all named Defendants.

b. Use of Income:

The recipients of income from the Enterprise used the proceeds to pay for their individual expenses, to make mortgages payments, and to purchase other items, including luxury cars and other luxury goods. Maranda took lavish vacations to Miami and other parts of the United States, living in luxury accommodations throughout.

12. 18 U.S.C. 1962(b):

Defendant, Svorai through Mining Power, Inc., purchased controlling interest in Northway Mining after the parties conspired to take the Enterprise to new heights in terms of the scope and nature of fraud the enterprise committed. Svorai, Northway, Maranda, and Mining Power Group came up with a press release, in which they claimed Mining Power had infused \$1 million dollar cash into Northway in exchange for a majority interest in Northway. This statement was in fact false from beginning to end. Svorai is a criminal, who deals in manipulating the penny stock market. Neither Svorai nor Mining Power had \$1 million dollars, or any amount close to \$1 million dollars, to invest into Northway. Instead, the conspiracy was created to make Plaintiffs and other victims feel as if Northway was a stable company worth investing in. The conspiracy

was agreed to between Svorai, Northway, Maranda, and Mining Power between May and June 2018 to convince Plaintiffs that their bitcoin miners should be hosted by Northway Mining.

13. 18 U.S.C. 1962(c):

a. Employees or associates of the Enterprise:

(i) Roseann Maranda; (ii) Douglas Maranda; (iii) Lori S. Maranda; (iv) Michael Maranda; (v) Angelo John Pope; (vi) Donald D'Avanzo; (vii) Michael Carter; (viii) Dror Svorai; (ix) Mining Power, Inc.; (x) Northway Mining, LLC, (xi) Christine Maranda; (xii) Robert Whitney Wadsworth; and the other named Defendants.

b. Distinctness: same entity liable person and liable enterprise?:

No.

14. 18 U.S.C. 1962(d):

Defendant, Svorai through Mining Power, Inc., purchased controlling interest in Northway Mining after the parties conspired to take the Enterprise to new heights in terms of the scope and nature of fraud the enterprise committed. Svorai, Northway, Maranda, and Mining Power Group came up with a press release, in which they claimed Mining Power had infused \$1 million dollar cash into Northway in exchange for a majority interest in Northway. This statement was in fact false from beginning to end. Svorai is a criminal, who deals in manipulating the penny stock market. Neither Svorai

nor Mining Power had \$1 million dollars, or any amount close to \$1 million dollars, to invest into Northway. Instead, the conspiracy was created to make Plaintiffs and other victims feel Northway was stable and worthy of investment. The conspiracy was agreed to between Svorai, Northway, Maranda, and Mining Power between May and June 2018 to convince Plaintiffs that their bitcoin machines should be hosted by Northway Mining.

15. Injury to Business or Property:

The injury to Plaintiffs' business has been staggering. Plaintiffs, MinedMap and Serenity, lost all of their bitcoin miners as a result of the Enterprise. Consequently, Plaintiffs have suffered economic damages, including but not limited to, loss profits, loss of business opportunities, loss of past and future wages, pecuniary losses, punitive damages, treble damages, damage to reputation, among other damages.

Plaintiff, Québec, forcibly retrieved its bitcoin miners and seeks the return of deposits paid to Northway, punitive damages, and treble damages under RICO.

16. Causation Between RICO Violation and Damages:

Plaintiffs damages to their business and other forms of damages are a direct causal relationship to the violation of the RICO Statute, and are not derivative claim of damage to a third party. The Plaintiffs were the reasonable and foreseeable victims of the Enterprise as well as the intended victims of the RICO scheme and enterprise.

17. Itemization of Damages:

Plaintiffs suffered the following damages for which each Defendant is jointly and severally liable:

i. MinedMap and Serenity

CATEGORY OF DAMAGES	CALCULATION
Deposit	\$432,000.00, plus interest
Loss Profits from Bitcoins Mined	Plaintiffs shipped 3,000 bitcoin machines to Northway Mining. Those bitcoin machines were S9 Antminers, which have a life existence of 5 years. S9 Antminers produce 2,308 miners per year, when accounting for halving, a concept that will be explained to this Court through expert testimony.
	The average conversion of one bitcoin to dollars in 2018 and 2019 was \$6,050. When \$6,050.00 is multiplied by 2,308 the product is \$13,963,400 million dollars. Thus, for each year of the Antminer mines, Plaintiffs would have earned \$13,963,400 millions dollars. The latter figure multiplied by 5 (the life of an Antminer) is:
Attorney's Fees	\$69,817,000
Litigation Costs	\$107,012.14 (as of April 2020)
Expert Witness Costs	\$7,801.22 (as of April 2020)
Shipping Costs	\$65,000.00 (anticipated based on interviews with experts)
Punitive Damages	\$119,837.96
Other Damages	TBD

Damages to be Trebled	TBD
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ii. Québec's Damages:

CATEGORY OF DAMAGES	CALCULATION
Deposit	\$93,826.17, plus interest
Attorney's Fees	\$15,256.31 (as of April 2020)
Litigation Costs	\$1,758.22 (as of April 2020)
Punitive Damages	TBD
Other Damages	TBD

18. Other Federal Causes of Action:

Not immediately applicable. During or after discovery, Plaintiffs will likely bring a claim for the violation of the Defend Trade Secrets Act.

19. Pendant State Claims:

These claims are Set forth in Plaintiffs' Amended Complaint.

20. Additional Information:

Not Applicable.

21. Effective Date:

May 26, 2020.

Dated as of May 26, 2020.
New York, New York

RESPECTFULLY SUBMITTED,

/s/ T. Edward Williams, Esq.

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CERTIFICATE OF SERVICE

I hereby certify that on this 26th day of May 2020, this PLAINTIFFS' **RICO STATEMENT** was served on the following individuals:

John Harwick, Esq. *via ECF*
Counsel for The Maranda Defendants